



Amgen Inc (AMGN)

Updated May 8th, 2025 by Nathan Parsh

Key Metrics

Current Price:	\$274	5 Year CAGR Estimate:	11.1%	Market Cap:	\$147 B
Fair Value Price:	\$288	5 Year Growth Estimate:	7.0%	Ex-Dividend Date:	05/16/25
% Fair Value:	95%	5 Year Valuation Multiple Estimate:	1.0%	Dividend Payment Date:	06/06/25
Dividend Yield:	3.5%	5 Year Price Target	\$404	Years Of Dividend Growth:	14
Dividend Risk Score:	B	Sector:	Health Care	Rating:	Buy

Overview & Current Events

Amgen is the largest independent biotech company in the world. Amgen discovers, develops, manufactures and sells medicines that treat serious illnesses. The company focuses on six therapeutic areas: cardiovascular disease, oncology, bone health, neuroscience, nephrology, and inflammation. Amgen generates about \$35 billion in annual revenues. Founded in 1980, the company began with just three employees. Today Amgen has about 28,000 employees and operates in approximately 100 countries.

On December 12th, 2024, Amgen announced that it was raising its quarterly dividend 5.8% to \$2.38.

On May 1st, 2025, Amgen reported first quarter earnings results for the period ending March 31st, 2025. Revenue grew 8.7% to \$8.1 billion, which was \$60 million ahead of estimates. Adjusted earnings-per-share of \$4.90 compared favorably to \$3.96 in the prior year and was \$0.64 more than expected.

For the quarter, growth was primarily due to a 14% improvement in volumes, offset by a 6% decline in pricing. Sales for Enbrel, which treats rheumatoid arthritis, were down 10% to \$510 million as net selling prices were down 47% year-over-year. Prolia, which treats osteoporosis, grew 10% to a \$1.1 billion, driven once again by volume growth. The company did reiterate that biosimilar competition will likely impact sales in 2025. Repatha, which is used to control cholesterol, improved 27% to \$656 million. Amgen reduced prices for Repatha in 2018 and this has allowed the product to capture market share. Volumes were higher by 41% during the quarter, helping to offset lower selling prices. Otezla, which is used to treat inflammatory diseases, was again up 11% to \$437 million as lower selling prices more than offset a 4% improvement in volume and a 12% favorable change to estimated sales deductions. Amgen stated last quarter that its Phase 2 data for its injectable weight-loss drug candidate, called MariTide, revealed that the product is the first obesity treatment with monthly or less frequent dosing to demonstrate safe and effective weight loss in a Phase 2 study. The product is being tested in multiple studies currently, with some additional data due in the second half of this year. The company ended the quarter with \$8.8 billion of cash and cash equivalents against debt of \$57.4 billion.

Amgen reaffirmed prior guidance for 2025 as well. The company still expects adjusted earnings-per-share in a range of \$20.00 to \$21.20 for the year. At the midpoint, this would be a 3.8% improvement from the prior year.

Growth on a Per-Share Basis

Year	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2030
EPS	\$10.38	\$11.65	\$12.58	\$14.40	\$14.82	\$16.60	\$17.10	\$17.69	\$18.65	\$19.84	\$20.60	\$28.89
DPS	\$3.16	\$4.00	\$4.60	\$5.28	\$5.80	\$6.40	\$7.04	\$7.76	\$8.52	\$9.00	\$9.52	\$13.35
Shares¹	754	738	720	640	598	585	565	539	535	537	538	515

Amgen's earnings not only held up during the last recession, but grew. Over the last ten years, the company has grown earnings at a rate of 7.5% per year, though that growth has slowed to 4.4% over the last five years. We reaffirm our expected growth rate of 7% annually due to strength in new products and share repurchases, offset by the high

¹ Share count in millions

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beginning base for earnings-per-share. Amgen has been aggressively repurchasing its own shares, retiring 3.6% of outstanding shares annually since 2015.

On August 16th, 2022, the Inflation Reduction Act of 2022 was signed into law. The law will, in part, require the federal government to negotiate prices for drugs covered under Medicare starting in 2026. This could reduce the profits pharmaceutical companies could collect, but these costs could be shifted to employer sponsored plans, reducing the negative impact on businesses. As such, we maintain our expected growth rates, but will monitor the situation as we get closer to the implementation of the law.

Valuation Analysis

Year	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	Now	2030
Avg. P/E	15.2	13.4	13.6	13.1	13.3	13.9	13.1	14.8	15.4	13.1	13.3	14.0
Avg. Yld.	2.0%	2.6%	2.7%	2.8%	3.0%	2.8%	3.1%	3.0%	3.0%	3.5%	3.5%	3.3%

Shares of Amgen have decreased \$23, or 7.7%, since our February 12th, 2025 update. Based off estimates for 2025, Amgen trades with a multiple of 13.3 times earnings. We are reaffirming our target P/E of 14 from 13.5 as this is near the medium- and long-term average price-to-earnings multiples. If shares were to revert to our target multiple by 2030, then valuation would add 1.0% to annual returns over this period.

Safety, Quality, Competitive Advantage, & Recession Resiliency

Year	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2030
Payout	30%	34%	37%	37%	39%	39%	41%	44%	46%	45%	46%	46%

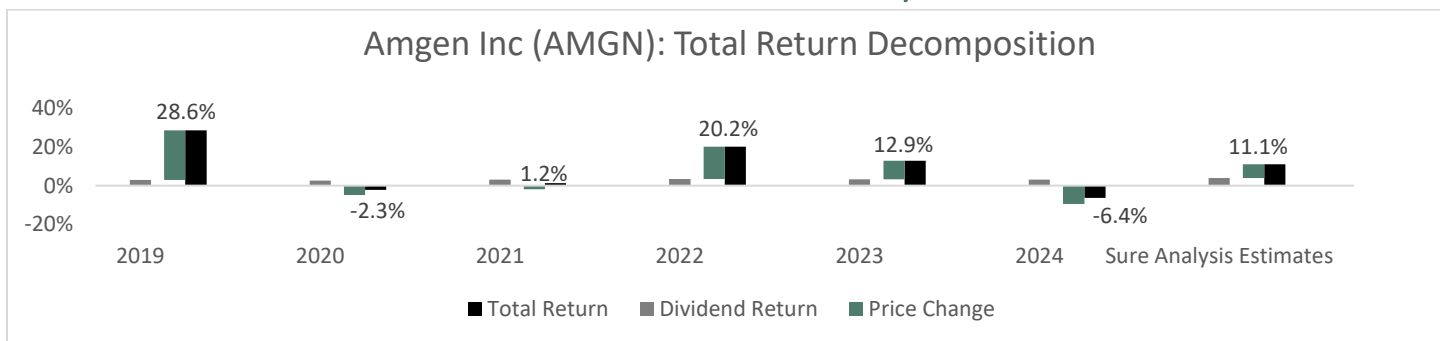
Amgen's profitability held up very well during the last recession. Companies in the health care sector are often recession resistant as people will seek treatment for their health issues regardless of economic conditions. The company also has a very low payout ratio that will allow it to continue to raise its dividend going forward, even in a prolonged recession.

Amgen is the largest biotech company in the world, giving it size and scale over its peers. This allows the company to reduce net selling price on products, such as with Repatha, to take market share. Another key competitive advantage Amgen has over its peers is the company's ability to bring new products to market. The company has reduced its development cycle timeline by 36 months. Amgen spent 17.9% of 2024 sales on R&D.

Final Thoughts & Recommendation

Following first quarter earnings results, Amgen is now projected to offer a total annual return of 11.1% through 2030, up from our previous estimate of 9.3%. Our estimated return stems from a 7% earnings growth rate, a 3.5% starting dividend yield, and a small tailwind from multiple expansion. Amgen's newer products continue to perform well despite lower prices. We reaffirm our 2025 price target of \$404 due to EPS estimates for the year. We continue to rate Amgen as a buy due to projected returns and a solid dividend risk score.

Total Return Breakdown by Year



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Income Statement Metrics

Year	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
Revenue	21,662	22,991	22,849	23,747	23,362	25,424	25,979	26,323	28,190	33,424
Gross Profit	17,435	18,829	18,780	19,646	19,006	19,265	19,525	19,917	19,739	20,566
Gross Margin	80.5%	81.9%	82.2%	82.7%	81.4%	75.8%	75.2%	75.7%	70.0%	61.5%
SG&A Exp.	4,846	5,062	4,870	5,332	5,150	5,730	5,368	5,414	6,179	7,096
D&A Exp.	2,108	2,105	1,955	1,946	2,206	3,601	3,398	3,417	4,071	
Operating Profit	8,470	9,794	9,973	10,263	9,674	9,139	9,144	9,566	7,897	7,258
Op. Margin	39.1%	42.6%	43.6%	43.2%	41.4%	35.9%	35.2%	36.3%	28.0%	21.7%
Net Profit	6,939	7,722	1,979	8,394	7,842	7,264	5,893	6,552	6,717	4,090
Net Margin	32.0%	33.6%	8.7%	35.3%	33.6%	28.6%	22.7%	24.9%	23.8%	12.2%
Free Cash Flow	9,137	9,616	10,513	10,558	8,532	9,889	8,381	8,785	7,359	11,490
Income Tax	1,039	1,441	7,618	1,151	1,296	869	808	794	1,138	519

Balance Sheet Metrics

Year	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
Total Assets	71,449	77,626	79,954	66,416	59,707	62,948	61,165	65,121	97,154	91,839
Cash & Equivalents	4,144	3,241	3,800	6,945	6,037	6,266	7,989	7,629	10,944	11,973
Acc. Receivable	2,995	3,165	3,237	3,580	4,057	4,525	4,895	5,563	7,268	6,782
Inventories	2,435	2,745	2,834	2,940	3,584	3,893	4,086	4,930	9,518	6,998
Goodwill & Int.	26,428	25,030	23,370	22,142	34,116	31,276	30,072	31,609	51,270	46,336
Total Liabilities	43,366	47,751	54,713	53,916	50,034	53,539	54,465	61,460	90,922	85,962
Accounts Payable	965	917	1,352	1,207	1,371	1,421	1,366	1,572	1,590	
Long-Term Debt	31,429	34,596	35,342	33,929	29,903	32,986	33,309	38,945	64,613	60,099
Total Equity	28,083	29,875	25,241	12,500	9,673	9,409	6,700	3,661	6,232	5,877
LTD/E Ratio	1.12	1.16	1.40	2.71	3.09	3.51	4.97	10.64	10.37	10.23

Profitability & Per Share Metrics

Year	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
Return on Assets	9.9%	10.4%	2.5%	11.5%	12.4%	11.8%	9.5%	10.4%	8.3%	4.3%
Return on Equity	25.8%	26.6%	7.2%	44.5%	70.7%	76.1%	73.2%	126.5%	135.8%	67.6%
ROIC	12.0%	12.5%	3.2%	15.7%	18.2%	17.7%	14.3%	15.9%	11.8%	6.0%
Shares Out.	754	738	720	640	598	585	565	539	535	537
Revenue/Share	28.28	30.49	31.09	35.71	38.36	43.09	45.34	48.66	52.40	61.78
FCF/Share	11.93	12.75	14.30	15.88	14.01	16.76	14.63	16.24	13.68	21.24

Note: All figures in millions of U.S. Dollars unless per share or indicated otherwise.

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